

FY 2014-15 Supplemental Capital Construction Request

Personnel and Administration

Capitol Annex Building (1375 Sherman Street) Renovation

Motion:

Approve the supplemental request from the Department of Personnel and Administration for FY 2014-15 funding to commence design of renovations to the Capitol Annex Building (\$1,958,732 CCF).

GENERAL INFORMATION

2016-024

1. Which supplemental criterion does the request meet?

Other

This is a new, never-before-requested project. It does not meet the supplemental criteria and might be better considered as a regular FY 2015-16 capital budget request.

2. Which projects will be restricted to fund the supplemental request?

No restriction is necessary because the project is not an emergency supplemental request.

3. Has the request been approved by OSPB and CCHE?

Yes

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill:

| <u>Fund Source</u> | <u>Prior Appropriations</u> | <u>Supplemental Request</u> | <u>Future Requests</u> | <u>Total Cost</u> |
|--------------------|-----------------------------|-----------------------------|------------------------|-------------------|
| CCF | \$0 | \$1,958,732 | \$0 | \$1,958,732 |
| | \$0 | \$1,958,732 | \$0 | \$1,958,732 |

REASON FOR SUPPLEMENTAL REQUEST

According to the department, supplemental funding for FY 2014-15 was requested because the submission deadline for regular capital construction requests elapsed before the department received the Capitol Complex Master Plan report findings that are the basis of this request. (See Staff Questions and Issue section, question #1.)

SUMMARY OF PROJECT

The two-phase project renovates the seven-story, 114,228-GSF Capitol Annex Building to address the poor condition of the building's marble-clad exterior and to replace the HVAC, electrical, fire sprinkler, and plumbing systems. The building, which currently houses several divisions within the Department of Revenue, was built in 1937 and is listed on the National Register of Historic Places. This year's request for Phase I designs the project and plans for the temporary relocation of the building occupants for the duration of the project. Phase II, which will be requested for FY 2016-17 funding, renovates the facility to address outdated building systems, abate asbestos, and comply with current building code and accessibility requirements. Costs associated with relocating the building's occupants to leased space – estimated to be about \$4.2 million for 12 months – will be requested through the department's operating budget.

Project justification. A building assessment was undertaken as part of the 2012 Capitol Complex Master Plan.

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The report findings listed the building condition as poor and recommended significant upgrades and energy efficiency improvements. The department explains that the building has outdated and poorly performing heating and cooling systems, inefficient lighting fixtures and controls, and poor climate control resulting from inefficient or poorly insulated windows, walls, and exterior doors. According to the department, the project will increase the energy efficiency of the building by as much as 50 percent and lower associated operating costs.

Project alternatives. The department considered several project alternatives, including: (1) Renovating the building system-by-system; and (2) selling the building and relocating the building tenants to leased space. Both alternatives are more costly than the proposed renovation.

QUESTIONS / OUTSTANDING ISSUES

1. The project schedule indicates project design will not commence until May. Why is this project requested as a supplemental request for FY 2014-15 funding rather than as regular FY 2015-16 budget request?

The projects are being requested as supplementals for the current year as the submission time frame for a regular capital request had passed before the report findings were made known to the department.

2. Will the building be designed for the current occupants or will it be designed as more general office space?

The Annex will be renovated for its current occupant, the Department of Revenue.

3. Will the building occupants be relocated to owned or leased space? Has the department identified any possible relocation spaces?

The building occupants will be relocated to leased space which will be identified by the State's tenant brokers, JLL. No owned space currently exists to fill this need. Expenses for the relocations will be an out year expense.

4. Does the department anticipate completing work on the buildings simultaneously or will it take a phased approach?

The department anticipates completing work on the Annex building first (the #1 priority) and then commencing work on the 1313 building.